

IOWA STATE UNIVERSITY

Professional and Scientific Council

Council Motion: To send the 2020 Compensation and Benefits Report and the Compensation and Benefits Recommendation for FY2021 to University Administration

Submitted by: Compensation and Benefits Committee
January 9, 2020

Whereas: Professional and Scientific employees comprise the largest employee group and are essential in fulfilling the mission of Iowa State University.

Whereas: A competitive salary is essential for the University to attract and retain high-quality and dedicated employees.

Whereas: Increased professional and leadership development opportunities are key in creating a sense of value, improving skills, and building valuable networks amongst Professional and Scientific employees.

Whereas: The Professional and Scientific Council and its Compensation and Benefits Committee are charged with informing the University's administration regarding the needs of Professional and Scientific employees.

Whereas: Competitive compensation tied to performance is a recurring request of the Professional and Scientific Council.

It is moved: That the Compensation and Benefits Recommendation for FY2021, along with the accompanying 2020 Compensation and Benefits Report, be sent to senior University administrators to inform decision-making regarding FY2021 budget plans and revenue requests.

Distribution: Wendy Wintersteen, President
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IOWA STATE UNIVERSITY

Professional and Scientific Council

Compensation and Benefits Recommendations for FY 2021

The Professional and Scientific Council hereby presents its Compensation and Benefits Recommendations for Fiscal Year 2021 (FY21). The intent of these recommendations is to provide input regarding the University's budget priorities and funding requests for FY21 and beyond. The accompanying Compensation and Benefits Report provides background information and reasoning.

The first and indisputable premise is that competitive salaries are vital for the University to effectively carry out its mission.

A second premise is that in order to maximize student outcomes, it is essential to prioritize the staff who serve and support the students.

A third premise is that the University continues to build buildings and spend money on a wide range of new initiatives, even while P&S employees who are performing at or above expectations are losing purchasing power to inflation.

It is time for Iowa State University to prove through its actions that it values its people most of all and makes its employees a priority in budget preparations. We encourage the University take visible action within the coming year toward the recommendations below:

1. Make salary increases a priority in budget preparations with the same effort in which new construction and initiatives around campus are championed.
2. Proceed to implement the results of the P&S classification and compensation system in order to provide defined rationale for salaries and clear opportunities for advancement.
3. Implement its stated policy of performance-based salary increases by ensuring that all P&S employees experience meaningful annual performance appraisals which address the criteria suggested by the Council Motion FY 19-4, Recommended Features of a Revised Performance Appraisal Model.
4. Further implement the policy of performance-based pay by ensuring that all P&S employees who meet performance expectations receive salary increases that exceed the annual rate of inflation by at least 0.5%, and that those whose performance exceeds expectations are rewarded with salary increases at least 1.5-2% above the rate of inflation.
5. Provide and/or fund meaningful professional development opportunities for all P&S employees while giving employees opportunity to have input regarding what types of professional development will be most useful.
6. Accomplish the above while maintaining the current excellent benefits package, which has been for decades the one bright light in employee compensation.

IOWA STATE UNIVERSITY

Professional and Scientific Council

2020 Compensation and Benefits Report

Introduction

Each year the Professional and Scientific Council submits a recommendation to Iowa State University regarding compensation and benefits for Professional and Scientific (P&S) employees for the coming year. In recent years, the Council has supplemented their recommendation with a report describing trends and issues both within and outside the University; this report provides evidence of the need for improvement in employee compensation and working environment, and the serious potential consequences of continuing current trends.

The FY 20-21 report focuses on themes similar to prior years: adequate performance-based compensation, meaningful performance appraisals, and the need for new revenue streams. This report also raises the concern that many P&S employees have little or no access to meaningful professional development opportunities. At the core of the report is the question of whether the University truly values its most valuable asset: its people.

Campus Climate Survey

The climate survey completed in 2017 and reported in May of 2018 has provided important data for understanding the current campus climate as it relates to ISU staff. ISU staff had the highest response rate among the groups surveyed, with over 1800 staff responses for an approximate response rate of 40%. According to the survey, 50% of staff members have considered leaving Iowa State University. The top three reasons for desiring to leave all relate to employee compensation, including low salary and pay rate, limited opportunities for advancement, and increased workload. Also according to the survey, only 23% of staff respondents perceive their salaries and childcare benefits as competitive.

In response to the Campus Climate Survey, the Merit and Professional Staff Experience Workgroup was created to identify opportunities to improve the campus climate for staff. This workgroup submitted a final report and recommendations to University leadership. The report observed that for at least 23 years, staff have been requesting improved professional and leadership development opportunities, improved career advancement opportunities, and improved performance reviews accompanied by a performance based pay structure.

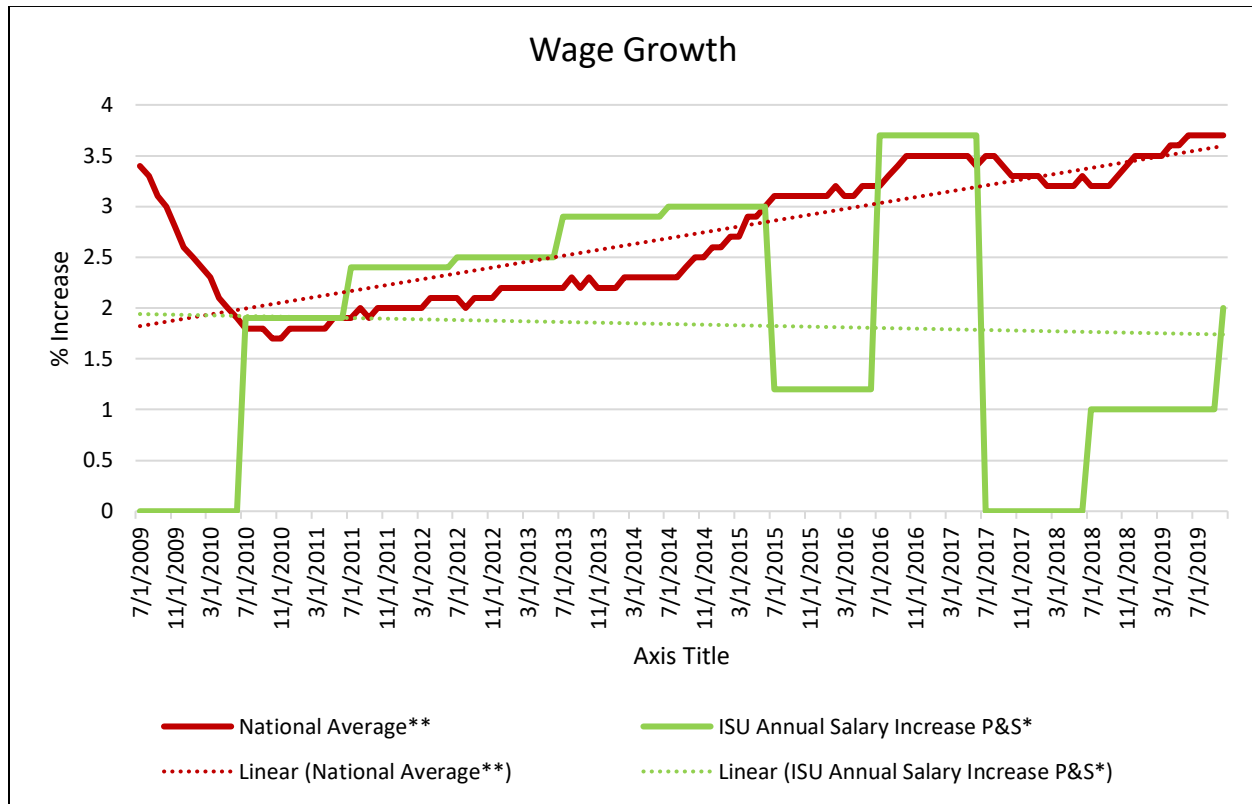
Professional Development

The Merit and Professional Staff Experience Workgroup's [final report](#) outlines recommendations for a professional development portfolio that would improve the staff experience and help ISU work toward fulfilling its third Principle of Community in the area of creating an environment where staff feel valued. Professional & Scientific Council supports the recommendation of the Workgroup and requests that the University look for opportunities to enhance professional development for its staff.

Compensation

Another major concern of staff from the climate survey was and continues to be salary. Salary for P&S staff continues to lag behind national averages and is not even competing with cumulative inflation rates over the past 5 years. Adequate compensation is a necessary component in

retaining experienced and high-performing staff members while keeping morale high. Staff are eagerly awaiting the rollout of the Classification and Compensation Model, expected in early 2020, that would provide a modern and competitive pay program to address their compensation concerns.



* Data sourced from Iowa State Board of Regents, Comprehensive Human Resources Report <http://www.iowaregents.edu/reports/page-of-reports/>
 **Data sourced from Federal Reserve Bank of Atlanta <https://www.frbatlanta.org/chcs/wage-growth-tracker?panel=1>

Performance-Based Pay

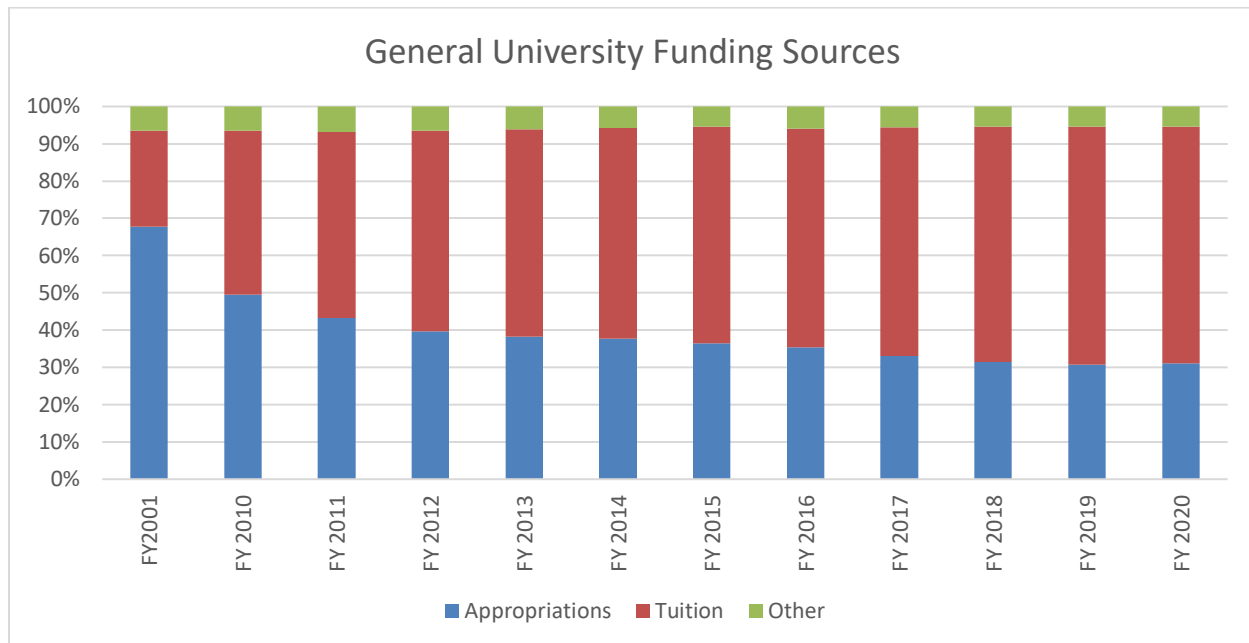
The University’s Salary Adjustment Policy mandates annual performance-based salary adjustments. Acknowledgment of this fact was broadcast most recently, in a 2019 letter from the president in connection to the FY20 Salary Policy. Without performance-based salary increases, employees lack a material incentive to continuously improve performance and efficiency. An inadequate employee evaluation process contributes to this problem. A new Classification and Compensation Model would provide the groundwork necessary to make this a reality for employees.

Employee Annual Evaluation

Before we can adequately implement a thorough performance-based pay structure, we must implement an improved performance evaluation. Managers would require training for understanding and appropriately handling employee performance appraisals. An expanded appraisal review would also require an employee performance rating on a multi-point scale that allows for differentiation of performance levels, including “does not meet expectations.” As suggested in the Professional & Scientific Council motion FY19.4 Recommended Features of a Revised Performance Appraisal Model. With impending results from the classification and compensation review, it is crucial to have a proper annual appraisal for the Classification and Compensation Model to work.

University Revenue

Without adequate revenue, it is impossible to implement a compensation system that rewards highly-effective employees; it is impossible to even ensure that employees have salaries that keep up with inflation. Failure to compensate employees appropriately can only lead to declining morale and increased turnover, especially among high-performing employees. Inability to attract and retain excellent staff will inevitably lead to a decline in the standing of Iowa State University. Legislative appropriations have steadily declined as a portion of University budget over the past ten years, as shown in the graph below. The current five-year tuition increase policy can be expected to help, but by itself is unlikely to provide adequate revenue to provide meaningful salary adjustments. It will be, therefore, essential for the University to seek new sources of revenue in order to maintain high-quality education, research and outreach for Iowans.



Data sourced from Iowa State Board of Regents, Budgets
<http://www.iowaregents.edu/reports/page-of-reports/>

Conclusion

While no one at Iowa State University would argue with the premise that employees are the key to fulfilling the University's mission, it is challenging to find evidence that the University prioritizes its people the same way it does with funding buildings and new initiatives. Each year, new buildings appear and new initiatives are funded, and yet, with rare exception, P&S employees face salaries that decline in real terms, along with little or no improvement in working environment, while at the same time facing increased workloads.

In the absence of real change, inadequate performance-based salary adjustments will likely continue to diminish the talent pool of P&S employees and, by extension, the effectiveness of programs and projects across the University. Given the current fiscal outlook, the University will only be able to provide adequate financial incentives to retain and attract exceptional personnel until it makes funding adequate salary increases a priority. The University should demonstrate their Principles of Community, namely the third, cooperation, which acknowledges they "value each member of the Iowa State University community for their insights and efforts, collective and individual, to enhance the quality of campus life".